

SBC - Oklahoma Study

Presubscribed Interexchange Carrier (PIC) Change Charge Nonrecurring Cost Study

2005-2008

July 2005



SBC - Oklahoma
Presubscribed Interexchange Carrier (PIC/LPIC) Change Charge
Service Order
Nonrecurring Cost Study
2005-2008

Overview and Methodology

Purpose

The purpose of this cost study is to provide updated costs for PIC Change orders. For reference, an acronym glossary is included as a separate tab within this cost study.

Service Description

Presubscription is a procedure whereby an end user may select and designate to the Telephone Company an Interexchange Carrier (IC) to access, without dialing an access code, for interLATA calls. This IC is referred to as the end user's primary IC. A charge associated with interLATA is a PIC.

Rate Element Descriptions

Stand-alone Manual PIC Charge, Cost per Change – Initial & Additional
Stand-alone Mechanized PIC Charge, Cost per Change – Initial & Additional

Nonrecurring Cost Methodology

Activity-Based Costing is a widely used method of identifying costs. The structure of an ABC study is based on the fact that activities performed by the company consume resources, and these resources have a specifically identifiable cost. Activities, then, are used to provide services. This gives a logical, easy-to-follow flow through the costing procedure.

Activity-Based Costing uses a number of specific terms, such as *resource*, *activity*, *cost object*, and *drivers* which have simple, yet special meanings.

- A *resource* can be a piece of equipment, a labor rate, or a vendor contracted expense.
- An *activity* is an action that consumes resources. The cost of the activity is calculated based on the cost of the resources that the activity consumes, and the resource driver, or the quantity of resources the activity consumes.
- A *cost object* is a product (i.e., PIC Change).
- *Drivers* are specific units that represent quantities of activities and resources. For example, time in minutes, or orders per line may be drivers. Resource drivers are the quantity of resources consumed by an activity. Activity drivers are the number of activities necessary to provide the service.

The Basics of Activity-Based Costing are:

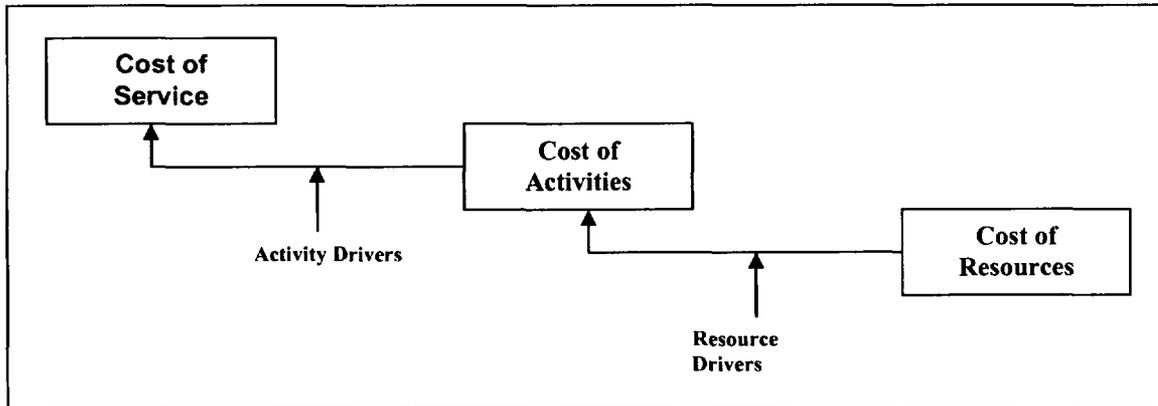
- Cost objects (i.e., services) are provided by activities.
- Activities consume resources.
- Consumption of resources drives costs.

SBC - Oklahoma
 Presubscribed Interexchange Carrier (PIC/LPIC) Change Charge
 Service Order
 Nonrecurring Cost Study
 2005-2008

Overview and Methodology

Figure 1 illustrates the flow of Activity-Based Costing.

Figure 1



The rate structure in SBC - Southwest consists of a PIC Change charge for the “initial” line on an order and a separate PIC change charge for each “additional” line on that same order. In order to accurately account for this, times were gathered and separate costs were calculated for PIC Changes on both “Initial” and “Additional” lines. More specifically, the SMEs were asked to provide times and activities for each the “Initial” line with a PIC change on an order and each “Additional” line with a PIC change on the same order. The total time to provide a PIC Change on an “Additional” line on the same service order is shorter than the total time to provide a PIC Change on the “Initial” line on that service order because of efficiencies achieved on a multiple line order. For example, if there are 10 lines on the same service order, the Service Representative may have to spend time pulling up the customer’s account. This time would be allocated to the “Initial” PIC Change cost because this would have to be done even on an order with 1 line. However, there is no extra time spent doing this step because of the “Additional” lines, thus no time is allocated to changing the PIC on any “Additional” lines. This methodology ensures that the efficiencies achieved on a multiple line order are recognized in the costs.

Labor Rates

The labor rate represents the cost to SBC of a single hour of labor. The labor rate is inflated (based on the Consumer Price Index) to the midpoint of the study period to make the labor cost representative of the entire study period. A more detailed discussion of labor rates and inflation factors is found later in this methodology.

SBC - Oklahoma
Presubscribed Interexchange Carrier (PIC/LPIC) Change Charge
Service Order
Nonrecurring Cost Study
2005-2008

Overview and Methodology

Inflation Factors

Inflation Factors are utilized to provide one cost over a multi-year period. The inflation factors are developed by using the forecast of the Consumer Price Index (CPI). The CPI represents changes in prices of all goods and services purchased for consumption by urban households. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are also included. Income taxes and investment items (like stocks, bonds, and life insurance) are not included.

Labor Rate Development Methodology

Labor rates identify the cost to the firm of consuming a particular resource—an hour of labor. Labor rates begin with a basic hourly wage or salary, and then include costs directly caused by labor that are not captured in the basic wage. These other direct labor costs include:

- break time and/or tour length costs,
- paid absence costs,
- special payments such as team awards and recognition,
- payroll taxes, pension costs, benefit costs,
- support assets, including capital costs associated with support assets
- Other direct costs such as travel and training, and clerical support and supervision.

Labor rates are developed at the proper level of detail to provide accurate costs for specific activities. First, SBC looks at specific groups of function codes (which designate a specific job function) or activity codes (which designate a specific job activity). These function/activity codes are part of SBC's functional accounting system used to report expenses company-wide. For example, 21XX is the group of all wages and expenses charged to function codes or activity codes that begin with "21", which in this example represents Operator Services functions and activities.

Within the specific group, SBC develops labor rates by Market Zone (for management employees) or Wage Category (for non-management employees). The Market Zone and Wage Category are specific job classifications that determine how much the company pays for a particular job.

The Labor rates in this study begin with an average wage per hour from payroll records. SBC derives relationships of expenses to wages, or expenses to hours worked, to develop labor factors or loadings that it then applies to basic wages to produce total hourly labor cost. All base labor rates in this study represent calendar year 2003. If SBC did not have current labor base rates for a particular state or job title, the most recent labor rate available was adjusted by bringing the basic wage portion of the labor rate current and updating the benefit factor using the most recent data available.

For more information, see separate Labor Rate Development documentation.

April, 2005

SBC - Oklahoma
Presubscribed Interexchange Carrier (PIC/LPIC) Change Charge
Service Order
Nonrecurring Cost Study
2005-2008

Overview and Methodology

Cost Study Assumptions and Parameters

- LRIC Methodology
- Slamming costs are included in the PIC change charge
- Study period is 2005 – 2008
- Labor Rates are base year 2003 adjusted to 2006, which is the midpoint of the planning period (2005 – 2008)

SBC - Oklahoma Study

Presubscribed Interexchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2005-2008

July 2005

Results

(A) Line	(B) Cost Element	(C) Total Cost Source:	(D) Overhead Factor Source:	(E) Total Rate $(E)=(C)/(1+D)$	(F) Average Lines Per Customer Input	(G) Total Rate $((E \text{ Initial} \times F \text{ Initial}) + (E \text{ Add} \times F \text{ Add})) / (F \text{ Initial} + F \text{ Add})$
Manual PIC / LPIC Combination, Cost per Change						
1	Initial Line On Order	\$3.49	32.17%	\$4.61	1.00	\$4.38
2	Additional Line On Order	\$1.97	32.17%	\$2.60	0.13	
Mechanized PIC / LPIC Combination, Cost per Change						
3	Initial Line On Order	\$1.43	32.17%	\$1.88	1.00	\$1.88
4	Additional Line On Order	\$1.43	32.17%	\$1.88	0.13	

SBC - Oklahoma Study

Presubscribed Interchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2006-2008

July 2005

Bill of Costs

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Ln	Cost Element / Activities	Initial Unit Activity Cost	Additional Unit Activity Cost	Activity Driver (Orders per Change)	Other Activity Driver	Other Activity Driver Description	Initial Activity Cost	Additional Activity Cost
		Source: BOAC	Source: BOAC	Source: Drivers	Source: Drivers		(H = C * E * F)	(I = D * E * F)
1	Manual PIC / LPIC Combination, Cost per Change							
1	Process PIC Change for "Consumer Customer Care" customer	\$3.32	\$0.94	0.51	89.6%	% manual orders worked by Consumer Customer Care	\$1,518	\$0,430
2	Process PIC Change for "Global Markets" customer	\$11.66	\$1.15	0.51	1.2%	% manual orders worked by Global Markets center	\$0,069	\$0,007
3	Process PIC Change for "Value" (Medium) customer	\$4.85	\$0.87	0.51	1.7%	% manual orders worked by Value Medium center	\$0,043	\$0,008
4	Process PIC Change for "Value" (Small) customer	\$9.36	\$4.41	0.51	4.9%	% manual orders worked by Value Small center	\$0,234	\$0,110
5	Process PIC Change for "GEM" Non-Centrex customer	\$32.94	\$6.61	0.51	1.1%	% manual orders (Non-centrex) worked by GEM center	\$0,182	\$0,048
6	Process PIC Change for "Signature Accounts" Non-Centrex customer	\$28.27	\$7.68	0.51	0.7%	% manual orders (Non-centrex) worked by Signature	\$0,108	\$0,029
7	Provide Customer Account Record Exchange (CARE) support - All PIC and/or	\$48,917	\$48,917	NA	0.00000209	1/Total PIC/LPIC Transactions	\$0,102	\$0,102
8	Provide Slamming Administration support - All PIC and/or LPIC Changes	\$159,992	\$159,992	NA	0.00000209	1/Total PIC/LPIC Transactions	\$0,334	\$0,334
9	Provide Service Order Computer Cost, per PIC Change	\$0.98	\$0.98	0.42		Weighted Average PIC/LPIC Changes per Service Order	\$0,408	\$0,408
10	Provide PIC IT Cost, per PIC Change	\$0.46	\$0.46	NA		NA	\$0,460	\$0,460
11	Provide IT Implementation Cost per PIC Change	\$0.03	\$0.03	NA		NA	\$0,034	\$0,034
12	Total Cost > SUM (LN 1.....11)						\$3.49	\$1.97

Mechanized PIC / LPIC Combination, Cost per Change

13	Provide Customer Account Record Exchange (CARE) support - All PIC and/or	\$48,917	\$48,917	NA	0.00000209	1/Total PIC/LPIC Transactions	\$0,102	\$0,102
14	Provide Customer Account Record Exchange (CARE) support - Mechanized	\$10,013	\$10,013	NA	0.00000881	1/Total Mechanized PIC/LPIC Transactions	\$0,088	\$0,088
15	Provide Slamming Administration support - All PIC and/or LPIC Changes	\$159,992	\$159,992	NA	0.00000209	1/Total PIC/LPIC Transactions	\$0,334	\$0,334
16	Provide Service Order Computer Cost, per PIC Change	\$0.98	\$0.98	0.42		Weighted Average PIC/LPIC Changes per Service Order	\$0,408	\$0,408
17	Provide PIC IT Cost, per PIC Change	\$0.46	\$0.46	NA		NA	\$0,460	\$0,460
18	Provide IT Implementation Cost per PIC Change	\$0.03	\$0.03	NA		NA	\$0,034	\$0,034
19	Total Cost > SUM (LN 13.....18)						\$1.43	\$1.43

SBC - Oklahoma Study

Presubscribed Interchange Carrier (PIC) Change Change
Nonrecurring Cost Study

2005-2008
July 2005

(A)	(B)	(C)	(D)	(E)	(F)	(G)		(H)	(I)	(J)
						Unit Resource Cost (\$/hr)	Minutes (Initial)			
Ln	Activities / Resources	Workgroup	Job Title	Source: BORG	Source: Input	Source: Input	Source: Input	Percent Occurrence	Source: Input	Source: Input
Process PIC Change for "Consumer Customer Care" customer.										
1	Receive request from customer via the IVR. Rep greets the customer, obtains telephone number and determines customer request is for a change in PIC/LPIC.	Consumer	Service Rep	\$56.22	0.50	0.00	0.00	100.00%	\$0.47	\$0.00
2	If customer alleges SLAM, rep transfer to SCRT and drop off call.	Consumer	Service Rep	\$56.22	0.75	0.00	0.00	5.00%	\$0.04	\$0.00
3	Service rep accesses account in Dashboard.	Consumer	Service Rep	\$56.22	0.50	0.00	0.00	100.00%	\$0.47	\$0.00
4	Service rep accesses Enhanced EASE to make changes to PIC/LPIC.	Consumer	Service Rep	\$56.22	0.50	0.50	0.50	100.00%	\$0.47	\$0.47
5	Service rep recaps entire order with customer.	Consumer	Service Rep	\$56.22	2.00	0.50	0.50	100.00%	\$1.87	\$0.47
6	SORD will verify against Callibus for a match against the TPV record locator number. Telephone number and order number; if correct, the order will distribute in SORD.	Consumer	Service Rep	NA	NA	0.00	0.00	NA	\$0.00	\$0.00
7	Unit Activity Cost > SUM (LN 1.....6)								\$3.32	\$0.94
Process PIC Change for "Global Markets" customer.										
8	Customer calls in to request PIC/LPIC change or faxes or emails request to center. Customer records are reviewed.	Global Change	Service Rep	\$57.55	1.15	0.00	0.00	100.00%	\$1.10	\$0.00
9	Customer requested to fax or email request.	Global Change	Service Rep	\$57.55	1.15	0.00	0.00	100.00%	\$1.10	\$0.00
10	Fax/email requests. Copies are pulled and fax cover sheet is prepared that will be returned to the customer with order info.	Global Change	Senior Records Clerk	\$49.82	2.00	0.00	0.00	100.00%	\$1.66	\$0.00
11	Clerk logs in fax/email for tracking.	Global Change	Senior Records Clerk	\$49.82	1.00	0.00	0.00	100.00%	\$0.83	\$0.00
12	Clerk distributes request to service rep.	Global Change	Senior Records Clerk	\$49.82	1.00	0.00	0.00	100.00%	\$0.83	\$0.00
13	Service rep accesses BEASE/SORD to place order using the appropriate screen for PIC and LPIC.	Global Change	Service Rep	\$57.55	1.20	1.20	1.20	100.00%	\$1.15	\$1.15
14	Service rep ends order and fills out the cover sheet to be sent to customer to verify completion of order. Confirmation of due date, order numbers.	Global Change	Service Rep	\$57.55	2.00	0.00	0.00	100.00%	\$1.92	\$0.00
15	Cover sheet is faxed back to customer and filed and/or email confirmation sent to customer.	Global Change	Service Rep	\$57.55	3.00	0.00	0.00	100.00%	\$2.88	\$0.00
16	Access SORD and bring up error and review.	Global Change	Service Rep	\$57.55	1.00	0.00	0.00	5.00%	\$0.05	\$0.00
17	Correct Error and resubmit order.	Global Change	Service Rep	\$57.55	3.00	0.00	0.00	5.00%	\$0.14	\$0.00
18	Unit Activity Cost > SUM (LN 8.....17)								\$11.66	\$1.15

SBC - Oklahoma Study

Presubscribed Interexchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2005-2008

July 2005

Bill of Activity Costs

Line	Description	Value (Medium)	Service Rep	0.50	1.00	4.00	1.00	0.00	100.00%	\$0.43	\$0.00
19	Process PIC Change for "Value" (Medium) customer										
20	Answer call and acknowledges customer request.	\$52.19	Service Rep	0.50	0.00	0.00	0.00	0.00	100.00%	\$0.43	\$0.00
21	If cut has been slammed service rep transfer to dept that handles slams changes are to be made. Negotiate telephone numbers where changes are to be made. Validate availability of carrier(s). Access boss to Review account for pending orders to determine impact.	\$52.19	Service Rep	1.50	0.00	0.00	0.00	0.00	5.00%	\$0.07	\$0.00
22	Clarify request, PIC/LPIC or both, negotiate telephone numbers where changes are to be made. Validate availability of carrier(s). Access boss to Review account for pending orders to determine impact.	\$52.19	Service Rep	4.00	1.00	1.00	1.00	1.00	100.00%	\$3.48	\$0.87
23	Release order.	\$52.19	Service Rep	1.00	0.00	0.00	0.00	0.00	100.00%	\$0.87	\$0.00
	Unit Activity Cost > SUM (LN 19.....22)									\$4.85	\$0.87
24	Process PIC Change for "Value" (Small) customer										
25	Answer call and acknowledges customer request.	\$59.53	Service Rep	0.50	0.00	0.00	0.00	0.00	100.00%	\$0.50	\$0.00
26	If customer has not been slammed and does not have slamming protection on the account, the rep types order in BEASE with the applicable PIC request.	\$59.53	Service Rep	1.00	0.50	0.50	0.50	0.50	100.00%	\$0.99	\$0.50
27	Access account in BOSS or Dashboard. BOSS/Dashboard returns the account record to rep. Rep verifies account information and reviews account for pending orders to determine impact. Validate availability of carriers.	\$59.53	Service Rep	3.00	1.00	1.00	1.00	1.00	100.00%	\$2.98	\$0.99
28	If customer alleges a slam, rep refers to the SCRT team to issue correcting order to switch back & issue adjustments in BOSS as applicable.	\$59.53	Service Rep	1.00	0.00	0.00	0.00	0.00	2.00%	\$0.02	\$0.00
29	Recap all elements of the order & offer additional assistance. Note BOSS account, issued order to change PIC/LPIC from/to, due date & order number, release order to SORD.	\$59.53	Service Rep	2.00	1.00	1.00	1.00	1.00	85.00%	\$1.89	\$0.94
30	Unit Activity Cost > SUM (LN 24.....29)									\$2.98	\$1.98
										\$9.36	\$4.41

SBC - Oklahoma Study

Presubscribed Intraexchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2005-2008

July 2005

Bill of Activity Costs

Activity	Description	Signature/GEM	Service Rep	Cost	Quantity	Rate	Percentage	Total Cost
31	Process PIC Change for "GEM" Non-Centrex customer Answer call or receive Web/MOAs acknowledge request from biz customer thru ACD lines to change PIC/LPIC	Signature/GEM	Service Rep	\$56.07	1.00	100.00%	100.00%	\$0.93
32	Clarify customer request & phone numbers involved, confirm PIC/LPIC or both. Confirm carrier availability and coding. Check for pending order activity.	Signature/GEM	Service Rep	\$56.07	2.00	100.00%	100.00%	\$1.87
33	Confirm slaming protected or not and get permission to proceed if protected. Continue if permission granted, stop order process if denied	Signature/GEM	Service Rep	\$56.07	1.00	100.00%	100.00%	\$0.93
34	If customer indicates slaming, advise of rights, issue correcting order and request adjustment. Forward for SCRT for follow up.	Signature/GEM	Service Rep	\$56.07	5.00	5.00%	5.00%	\$0.23
35	Access account in BOSS	Signature/GEM	Service Rep	\$56.07	1.00	100.00%	100.00%	\$0.93
36	Issue change orders thru BEASE or send Complex orders to be typed by SOW.	Signature/GEM	Service Rep	\$56.07	1.00	100.00%	100.00%	\$0.93
37	Review order with customer and note BOSS of order number, due date, old & new PIC/LPIC	Signature/GEM	Service Rep	\$56.07	1.00	100.00%	100.00%	\$0.93
38	Send confirmation letter to customer	Signature/GEM	Service Rep	\$56.07	10.00	100.00%	100.00%	\$9.35
39	Follow up for service order completion and posting of new PIC/LPIC to customer records.	Signature/GEM	Service Rep	\$56.07	1.00	100.00%	100.00%	\$0.93
40	Unit Activity Cost > SUM (LN 31.....39)			\$56.07	1.00	100.00%	100.00%	\$0.93
								\$32.84
								\$8.61

SBC - Oklahoma Study

Presubscribed Interchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2005-2008

July 2005

Bill of Activity Costs									
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		
Process PIC Change for "Signature Accounts" Non-Camrex customer									
41	Answer call or receive Web/MOM& acknowledge request from biz customer thru ACD lines to change PIC/LPIC	Signature/GEM	Service Rep	\$56.07	2.00	1.00	100.00%	\$1.87	\$0.93
42	Clarify customer request & phone numbers involved, confirm PIC/LPIC or both. Confirm carrier availability and coding. Check for pending order activity	Signature/GEM	Service Rep	\$56.07	5.00	2.00	100.00%	\$4.67	\$1.87
43	If customer indicates slurring, advise of rights, issue correcting order and request adjustment. Forward for SCRT for follow up.	Signature/GEM	Service Rep	\$56.07	5.00	5.00	5.00%	\$0.23	\$0.23
44	Access account in BOSS	Signature/GEM	Service Rep	\$56.07	2.00	1.00	100.00%	\$1.87	\$0.93
45	Issue change orders thru BEASE or send Complex orders to be typed by SOW	Signature/GEM	Service Rep	\$56.07	2.00	1.00	100.00%	\$1.87	\$0.93
46	Review order with customer and note BOSS of order number, due date, old & new PIC/LPIC	Signature/GEM	Service Rep	\$56.07	4.00	1.00	100.00%	\$3.74	\$0.93
47	Send confirmation letter to customer.	Signature/GEM	Service Rep	\$56.07	10.00	1.00	100.00%	\$9.35	\$0.93
48	Follow up for service order completion and posting of new PIC/LPIC to customer records.	Signature/GEM	Service Rep	\$56.07	5.00	1.00	100.00%	\$4.67	\$0.93
49	Unit Activity Cost > SUM (LN 41.....48)								
								\$28.27	\$7.68

Ln	Activities / Resources	Weightgroup	Job Title	Source: BORG	Resource Driver	Source: Drivers	Resource Driver Description	Resource Cost	
50	Provide Customer Account Record Exchange (CARE) support - All PIC and/or LPIC Changes	CARE	Area Manager	\$73.25	104.00	Hours	Hours	\$7,617.63	
51	SBC - Southwest CARE Support	CARE	Manager	\$78.06	208.00	Hours	Hours	\$16,236.08	
52	SBC - Southwest CARE Support	IPOC	Service Rep	\$58.07	15.59	Hours	Hours	\$905.56	
53	ASCI/POC Call Group	IPOC	Service Rep	\$58.07	416.00	Hours	Hours	\$24,157.97	
54	Unit Activity Cost > SUM (LN 50.....53)								
								\$48,917.24	
55	Provide Customer Account Record Exchange (CARE) support - Mechanized PIC and/or LPIC Changes	IPOC	Service Rep	\$56.07	172.43	Hours	Hours	\$10,013.48	
56	Unit Activity Cost > SUM (LN 55.....55)								
								\$10,013.48	

Ln	Activities / Resources	Weightgroup	Job Title	Source: BORG	Resource Driver	Source: Drivers	Resource Driver Description	Resource Cost	
57	Provide Slurring Administration support - All PIC and/or LPIC Changes	SCRT	Service Rep	\$58.07	1,514.24	Hours	Hours	\$87,935.00	
58	Business Support	SCRT	Service Rep	\$57.54	1,252.37	Hours	Hours	\$72,065.52	
59	Unit Activity Cost > SUM (LN 57.....58)								
								\$159,991.52	

SBC - Oklahoma Study

Presubscribed Interchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2005-2008

July 2005

Bill of Resource Costs

(A) Line	(B) State (1)	(C) JFC	(D) Work Group	(E) Job Title	(F) Labor Cost per Hour (1)	(G) Factor to restate labor rate to current and adjust for inflation (2)	(H) Weighting (3)	(I) Adjusted Labor Cost per Hour (F)*(G)/(H)
1	TX	23XX	IPOC	Service Rep	\$54.19	1.0716	100%	\$58.07
2	TX	23XX	SCRT	Service Rep	\$54.19	1.0716	100%	\$58.07
3	IN	23XX	CARE	Area Manager	\$68.35	1.0716	100%	\$73.25
4	OH	23XX	CARE	Manager	\$72.84	1.0716	100%	\$78.06
5	AR	23XX	SCRT	Service Rep	\$53.69	1.0716	100%	\$57.54
6	OK	23XX	Value (Medium)	Service Rep	\$48.70	1.0716	100%	\$52.19
7	TX	23XX	Value (Small) Change	Service Rep	\$54.19	1.0716	59%	\$34.32
8	KS	23XX	Value (Small) Change	Service Rep	\$57.52	1.0716	41%	\$25.22
9	Weighted	23XX	Value (Small) Change	Service Rep			100%	\$59.53
10	TX	23XX	Global	Senior Records Clerk	\$46.49	1.0716	100%	\$49.82
11	TX	23XX	Global Change	Service Rep	\$54.19	1.0716	90%	\$52.47
12	MO	23XX	Global Change	Service Rep	\$49.18	1.0716	10%	\$5.09
13	Weighted	23XX	Global Change	Service Rep			100%	\$57.55
14	TX	23XX	Consumer	Service Rep	\$54.19	1.0716	55%	\$32.01
15	MO	23XX	Consumer	Service Rep	\$49.18	1.0716	28%	\$13.59
16	OK	23XX	Consumer	Service Rep	\$48.70	1.0716	11%	\$5.98
17	KS	23XX	Consumer	Service Rep	\$57.52	1.0716	6%	\$3.77
18	AR	23XX	Consumer	Service Rep	\$53.69	1.0716	2%	\$0.87
19	Weighted	23XX	Consumer	Service Rep			100%	\$56.22
20	TX	23XX	Signature/GEM	Service Rep	\$54.19	1.0716	56%	\$32.60
21	MO	23XX	Signature/GEM	Service Rep	\$49.18	1.0716	20%	\$10.54
22	OK	23XX	Signature/GEM	Service Rep	\$48.70	1.0716	15%	\$8.06
23	KS	23XX	Signature/GEM	Service Rep	\$57.52	1.0716	1%	\$0.43
24	AR	23XX	Signature/GEM	Service Rep	\$53.69	1.0716	8%	\$4.44
25	Weighted	23XX	Signature/GEM	Service Rep			100%	\$56.07

NOTES:

- (1) Source "Input" Tab
- (2) Restate to Current and Inflation Calculations:

Year	Value
Labor Rate Base Year	2003
2004 Wage Increase	2.0%
2005 Wage Increase	2.5%
2006 Wage Increase	2.5%
Inflation to midpoint based on union contract increases	1.0716

- (3) All "weighted" groups above are located in various states, but can perform work for Oklahoma customers. The weightings were based on the number of employees located in each state doing the work function.

SBC - Oklahoma Study

Presubscribed Interexchange Carrier (PIC) Change Change
 Nonrecurring Cost Study

2006-2008

July 2005

Drivers

ACTIVITY DRIVERS

(A)	(B)	(C)	(D)
Line	Driver Description	PIC Changes per Order	Value
		Source: Input	(1 / C)
1	Consumer - Lines per PIC/LPICs - Initial Line	1.96	0.51
2	Consumer - Lines per PIC/LPIC - Additional Line	1.96	0.51
3	Global - Lines per PIC/LPICs - Initial Line	1.96	0.51
4	Global - Lines per PIC/LPIC - Additional Line	1.96	0.51
5	Value (Medium) - Lines per PIC/LPIC - Initial Line	1.96	0.51
6	Value (Medium) - Lines per PIC/LPIC - Additional Line	1.96	0.51
7	Value (Small) - Lines per PIC/LPIC - Initial Line	1.96	0.51
8	Value (Small) - Lines per PIC/LPIC - Additional Line	1.96	0.51
9	GEM - Lines per PIC/LPIC - Initial Line	1.96	0.51
10	GEM - Lines per PIC/LPIC - Additional Line	1.96	0.51
11	Signature - Lines per PIC/LPIC - Initial Line	1.95	0.51
12	Signature - Lines per PIC/LPIC - Additional Line	1.95	0.51

(A)	(B)	(C)	(D)	(E)
Line	Driver Description	Percent Orders by Channel	Percent Manual Orders	Percent Orders X Manual Orders
		Source: Input	Source: Input	(E)=(C)*(D)
13	% orders worked by Consumer Care center	89.6%	100.0%	89.6%
14	% orders worked by Global Markets center	1.2%	100.0%	1.2%
15	% orders worked by Signature Accounts center for non-centrex lines	0.7%	100.0%	0.7%
16	% orders worked by Value Medium center	1.7%	100.0%	1.7%
17	% orders worked by Value Small center	4.9%	100.0%	4.9%
18	% orders worked by GEM Accounts center for non-centrex lines	1.1%	100.0%	1.1%

SBC - Oklahoma Study

Presubscribed Interexchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2005-2008

July 2005

Drivers

(A)	(B)	(C)	(D)
	Driver Description	Quantity Total PIC/LPIC Changes	Value
19	1/Total PIC/LPIC Transactions	479,608	0.00000209
20	1/Total Manual PIC/LPIC Transactions	366,157	0.00000273
21	1/Total Mechanized PIC/LPIC Transactions	113,451	0.00000881

(A)	(B)	(C)
Line	Driver Description	Source: Input Value
22	% Manual PIC Transactions	100.0%

RESOURCE DRIVERS

(A)	(B)	(C)	(D)	(E)	(F)
Line	Activities / Resources	Number of Employees	Resource Time (annual hours)	% Time Dedicated to Support Oklahoma PIC/LPIC	Driver Value (hours) (F=C*D/E)
Provide Customer Account Record Exchange (CARE) support					
23	Area Manager - IN - Provide Southwest CARE Support	1	2080	5.00%	104.00
24	Manager - OH - Provide Southwest CARE Support	1	2080	10.00%	208.00
25	Service Representative - TX - ASC/IPOC Call Group Support	9	2080	0.08%	15.59
26	Service Representative - TX - ASC/IPOC Error Corrections Support	1	2080	8.29%	172.43
27	Service Representative - TX - ASC/IPOC Collections Support	1	2080	20.00%	416.00
Provide Spamming Administration support					
28	Service Representative - AR - SCRT Business	27	2080	2.23%	1,252.37
29	Service Representative - TX - SCRT Consumer	13	2080	5.60%	1,514.24

SBC - Oklahoma Study

Presubscribed Interexchange Carrier (PIC) Change Charge Nonrecurring Cost Study

2005-2008

July 2005

Glossary

ASC	Access Service Center	Location where service representatives are employed. The ASC was previously called the ICSC (Interexchange Carrier Service Center).
BEASE	Business Easy Access Sales Environment	A GUI application which interacts with SORD, Premise and other systems to format simple orders in SORD.
BOSS	Billing and Order Support System	Allows on-line access to all detailed and up-to-date account information needed to carry out service center operations associated with customer account inquiries, the processing of adjustments and the performance of treatment activities.
CARE	Customer Account Record Exchange	Application that interfaces with the interexchange carriers to provide them with tariffed FCC mandated billing information and optional ALDIS products.
CCP	Customer Choice Protection	Formal name of Add Protection
Consumer		Separate Business Channel for the Consumer channel.
EASE	Easy Access Sales Environment	Application used to negotiate orders.
GEM	Government/Education/Municipal	Separate Business Channel for Government/Educational/Municipal customers.
ILEC	Incumbent Local Exchange Carrier	The company that provides intralATA telecommunications within a franchised territory.
IVR	Interactive Voice Response	Provides inquiry and update directly to the customer without service representative intervention. Many applications available including Spanish, Business and Residence functions. Routes appropriately if service representative support is required.
LPIC	Local Presubscription Interexchange Carrier	The intralata carrier selected by the customer.
PIC	Presubscription Interexchange Carrier	The interlata carrier selected by the customer.
SCRT	Slamming Complaint Resolution Team	This group resolves all customer slamming complaints.
Signature		Separate Business Channel for large business customers.
SORD	Service Order Retrieval & Distribution	SORD is a mechanized, online service order processing system for SBC. It provides a means to create, store, edit, maintain and distribute requests to other involved work groups establishing, disconnecting or changing a customer's services and account.
Value (Medium)		Separate Business Channel for Medium sized business customers.
Value (Small)		Separate Business Channel for Small sized business customers.

SBC - Oklahoma Study

Presubscribed Interchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2005-2008

July 2005

Line	Input	Value	Source
	July 2005		
	SBC - Oklahoma Study		
	Presubscribed Interchange Carrier (PIC)		
	Change Charge		
	Nonrecurring Cost Study		
	2005-2008		
	2006		
1	TX - 23XX - Service Representative - 2003	\$54.19	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
2	TX - 23XX - Manager - 2003	\$61.46	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
3	IN - 23XX - Area Manager - 2003	\$69.35	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
4	OH - 23XX - Manager - 2003	\$72.84	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
5	AR - 23XX - Service Representative - 2003	\$53.69	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
6	MO - 23XX - Service Representative - 2003	\$48.18	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
7	OK - 23XX - Service Representative - 2003	\$48.70	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
8	KS - 23XX - Service Representative - 2003	\$57.52	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
9	TX - 23XX - Senior Records Clerk - 2003	\$46.49	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
10	MO - 23XX - Senior Records Clerk - 2003	\$46.25	SBC Cost Analysis Factors & Labor Rates Group, Issued 7/04
11	2004 Wage Increase	2.0%	2004 Union Labor Contract
12	2005 Wage Increase	2.5%	2004 Union Labor Contract
13	2006 Wage Increase	2.5%	2004 Union Labor Contract
14	Percent of Orders by Channel		
15	Consumer Customer Care	89.59%	MOKA PIC LPIC Change Ratios
16	Global Markets	1.68%	MOKA PIC LPIC Change Ratios
17	Signature Accounts - Non-centrx	0.74%	MOKA PIC LPIC Change Ratios
18	Value Medium Accounts	1.72%	MOKA PIC LPIC Change Ratios
19	Value Small Accounts	4.90%	MOKA PIC LPIC Change Ratios
20	Government/Education/Municipal (GEM) - Non-centrx	1.08%	MOKA PIC LPIC Change Ratios
21	Total	99.20%	
21	Manual PIC/LPIC Transactions	366,157	Area Manager - Quality/M&P/Process
22	Mechanized PIC/LPIC Transactions	113,451	Area Manager - Quality/M&P/Process
23	Total PIC/LPIC Change Transactions	479,608	Total Manual and Mechanized Transactions
24	Percent Manual Transactions	100.00%	Product Manager
25	Total Consumer Lines In-Service - (1st and 2nd Quarter 2005)	15,875	Product Management - Consumer Access Lines
26	Primary Consumer Lines In-Service - (1st and 2nd Quarter 2005)	14,095	Product Management - Consumer Access Lines
27	Average Number of Lines per Customer	1.13	(Line 25 / Line 26)
28	Average Lines per Customer - Initial	1.00	Lines 27 - .13
29	Average Lines per Customer - Additional	0.13	Lines 27 - 1.00
30	PICs/LPICs Per Line by Business Channel		
31	Consumer - PICs/LPICs per Initial Line	1.96	Based on data from Assoc. Dir - Ad hoc Reporting
32	Consumer - PICs/LPICs per Additional Line	1.96	Based on data from Assoc. Dir - Ad hoc Reporting
33	Global - PICs/LPICs per Initial Line	1.96	Based on data from Assoc. Dir - Ad hoc Reporting
34	Global - PICs/LPICs per Additional Line	1.96	Based on data from Assoc. Dir - Ad hoc Reporting
35	Value (Medium) - PICs/LPICs per Initial Line	1.96	Based on data from Assoc. Dir - Ad hoc Reporting
36	Value (Medium) - PICs/LPICs per Additional Line	1.96	Based on data from Assoc. Dir - Ad hoc Reporting
37	Value (Small) - PICs/LPICs per Initial Line	1.96	Based on data from Assoc. Dir - Ad hoc Reporting
38	Value (Small) - PICs/LPICs per Additional Line	1.96	Based on data from Assoc. Dir - Ad hoc Reporting
39	GEM - PICs/LPICs per Initial Line	1.96	Based on data from Assoc. Dir - Ad hoc Reporting
40	GEM - PICs/LPICs per Additional Line	1.95	Based on data from Assoc. Dir - Ad hoc Reporting
41	Signature - PICs/LPICs per Initial Line	1.95	Based on data from Assoc. Dir - Ad hoc Reporting
42	Signature - PICs/LPICs per Additional Line	1.95	Based on data from Assoc. Dir - Ad hoc Reporting
42	Weighted Average PIC/LPIC Changes per Service Order	0.42	

SBC - Oklahoma Study

Presubscribed Interchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2005-2008

July 2005

Line	Input		Source
	Value	Input	
43	Provide Service Order Computer Cost, per PIC Change	\$0.9800	IT SO Billed Cost Study (July 2004) 13 state average
44	Provide PIC IT Cost, per PIC Change	\$0.4600	PIC Processing IT Costs_2003_R2 13.xls (state average)
45	Provide IT Implementation Cost per PIC Change	\$0.0340	SBC Regional IT Implementation Costs
46	Overhead Factor	32.17%	SBC ARMIS Overhead Factor PICS 7-25-04
47	CARE Labor Support		
48	% Dedicated to Support SBC Oklahoma - Area Manager CARE Support	5.00%	Area Manager - Quality M&P Process
48	% Dedicated to Support SBC Oklahoma - Manager CARE Support	10.00%	Area Manager - Quality M&P Process
49	Headcount supporting SBC Oklahoma - Area Manager CARE Support	1	Area Manager - Quality M&P Process
50	Headcount supporting SBC Oklahoma - Manager CARE Support	1	Area Manager - Quality M&P Process
51	IFDC Labor Support		
51	% Dedicated to Support SBC Oklahoma - Service Rep Call Group Support	0.08%	Area Manager - Access Service Center
52	% Dedicated to Support SBC Oklahoma - Service Rep Error Corrections Support	8.29%	Area Manager - Access Service Center
53	% Dedicated to Support SBC Oklahoma - Service Rep Collections Support	20.00%	Area Manager - Access Service Center
54	Headcount supporting SBC Oklahoma - Service Rep Call Group Support	9	Area Manager - Access Service Center
55	Headcount supporting SBC Oklahoma - Service Rep Error Corrections Support	1	Area Manager - Access Service Center
56	Headcount supporting SBC Oklahoma - Service Rep Collections Support	1	Area Manager - Access Service Center
57	Staffing Administration (SGRT) Labor Support		
57	% Dedicated to Support SBC Oklahoma Business - Service Representative	2.23%	Service Representative
58	% Dedicated to Support SBC Oklahoma Consumer - Service Representative	5.80%	Manager - Consumer Support
59	Headcount supporting SBC Oklahoma Business - Service Representative	27	Service Representative
60	Headcount supporting SBC Oklahoma Consumer - Service Representative	13	Manager - Consumer Support

SBC - Oklahoma Study

Presubscribed Interchange Carrier (PIC) Change Charge
Nonrecurring Cost Study

2005-2008

July 2005

Line	Input	Value	Source
Labor Rate Weightings			
Consumer - Service Reps (1)			
61	Texas	1,092	55.12%
62	Missouri	511	25.80%
63	Oklahoma	227	11.46%
64	Kansas	121	6.11%
65	Arkansas	30	1.51%
66	Total	1,981	100.00%
Signature/SEM - Service Reps (2)			
67	Texas	160	56.14%
68	Missouri	57	20.00%
69	Oklahoma	44	15.44%
70	Kansas	2	0.77%
71	Arkansas	22	7.72%
72	Total	285	100.00%
Global - Service Reps (3)			
73	Texas	131	90.34%
74	Missouri	14	9.66%
75	Total	145	100.00%
Value (Small) - Service Reps (4)			
76	Texas	91	59.09%
77	Kansas	63	40.91%
78	Total	154	100.00%

(1) Headcount as of June 30, 2004

(2) Headcount as of June 30, 2004

(3) Headcount as of June 30, 2004

(4) Headcount as of June 30, 2004

Manager - CSRC Staff
Manager - Business Sales Admin
Area Manager - Operations Support
Manager - Business Sales